

U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 14, 2008

The Honorable Susan C. Schwab
United States Trade Representative
600 17th Street, NW
Washington, DC 20508


Dear Ambassador Schwab:

We are writing to request details of the trade agreement between the United States and the European Union, Japan and Canada that was negotiated in December to compensate these nations for withdrawing our GATS gambling commitments under Article 21. Press reports have indicated that new trade opportunities will be provided in the postal and courier, research and development, storage and warehouse, and testing and analysis sectors, but no dollar amount has been attached to these new concessions, and very few specifics have been provided.

Furthermore, as indicated in the attached article, it is our understanding that your agency has cited "national security" in refusing to release details about this agreement in response to a FOIA request. We find this unacceptable. If, in fact, there are some additional trade concessions that were made that do have national security implications, we request a secure briefing on those issues. However, if this is merely an attempt to avoid revealing the cost of these trade concessions, either because they would be viewed as too costly by the United States or not costly enough by the negotiating countries, this FOIA denial on the grounds of "national security" would appear to be a misuse of the FOIA process. It is my understanding that, prior to this settlement, some trade experts estimated that the trade concessions could cost the United States many billions of dollars in compensation.

Ultimately, we believe that this withdrawal was a mistake, because it is in furtherance of a policy – the UIGEA – which is an inappropriate interference with the personal freedoms of American citizens that we are working to undo. We need to know how much the United States government has conceded in furtherance of this ill-advised policy, in addition to the losses we have already sustained at the WTO, and we expect a prompt response to this request.


BARNEY FRANK
Chairman


RON PAUL
Ranking Member
Subcommittee on Domestic and International
Monetary Policy, Trade and Technology

Enclosure

CQ WEEKLY – VANTAGE POINT

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Rolling the Dice on Internet Gambling

By Shawn Zeller, CQ Staff

The trade dispute between the United States and several countries in Europe, Asia and the Caribbean over Internet gambling has been embarrassing, expensive and now, according to the Office of the U.S. Trade Representative, a national security secret.

At least that's what **Ed Brayton**, a freelance writer who opposes the government's anti-gambling measures, found when he tried to get a copy of the agreement the United States has reached with the European Union, Japan and Canada on the issue. The accord spells out what trade concessions the United States is making to compensate those countries for U.S. laws and regulations that try to prevent Americans from wagering on foreign gambling Web sites. The latest law, enacted in 2006, prohibits U.S. banks and other financial institutions from processing any Internet gambling transactions.

Antigua and Barbuda, a former British colony in the Caribbean, touched off the dispute in 2003 when it brought a case to the World Trade Organization arguing that the United States' efforts against gambling on foreign Web sites were an unfair trade practice because it exempted domestic horse racing Web sites. The WTO sided with the tiny Caribbean nation, which has yet to reach an agreement with the United States on compensation.

Other countries have, though, and Brayton filed a Freedom of Information Act request with the Office of the U.S. Trade Representative after the deal was announced in December. He says he just wanted to know precisely how much the United States was conceding in the December deal to maintain its gambling ban. The agency's chief FOIA officer, **Carmen Suro-Bredie**, replied that the USTR was withholding the agreement because it was "classified in the interest of national security."

In announcing the agreement with the EU, Japan and Canada, USTR spokeswoman **Gretchen Hamel** said it "involves commitments to maintain our liberalized markets for warehousing services, technical testing services, research and development services and postal services relating to outbound international letters."

She did not respond to requests for more information about the deal.

Brayton says he's planning to appeal the denial, which would force the trade office to explain why the agreement implicates national security. He says he suspects the agency may have something else in mind: hiding what could amount to billions of dollars in trade concessions.

"I can't even imagine a reasonable explanation other than that in the furthest reaches of my imagination," he says.

Source: CQ Weekly